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Magnitude of the Asiatic demand for silver.

It will certainly meet all the requirements of the discussion to consider the question of remonetizing silver in the United States upon the assumption that silver will continue to be used as money in most of the regions of the world where it is now so used, and especially in Asia. This is the assumption, in fact, of European advocates of the gold standard, and they insist upon it as the adequate answer to those who point out the disaster and ruin that will follow a universal demonetization of silver.

Humboldt estimates that at the beginning of this century the production of the precious metals in America, principally silver, was \$49,000,000, \$25,000,000 of which went to Asia in the course of trade, and never to return.

Asia has been known in all historical times as the sink of silver.

In the twenty-six years from 1851 to 1876, both inclusive, the specie exports to Egypt and the east were—

	Silver.	Gold.
From Great Britain.....	\$ 741,886,900	\$135,483,885
From French ports.....	294,671,450	181,579,100
Total.....	\$1,036,558,350	\$316,982,985

This is an annual average of \$39,867,594 of silver and \$12,190,886 of gold. (See Queteville's circular.)

British India alone, in the forty years ending with 1875, had an excess of silver imports over exports of £198,464,000, or nearly \$1,000,000,000, and during the same period an excess of gold imports of \$500,000,000.

In the same forty years the silver coinage of India was £210,660,975.

Of this amount there were £21,000,000 old coins reminted, which being deducted from the total of the coinage would leave £189,660,975, or nearly \$900,000,000 as the addition made in those years to the previously existing money stock of India.

The testimony is clear that the India demand for silver generally, and for silver coins in particular, is as unsatisfied and exigent as ever. If India was over-supplied with silver, the prices of commodities would be abnormally high, whereas the reverse is the fact. The effectiveness and urgency of the demand in any country for money are measured by the general scale of prices at which its commodities are offered to the world. Tried by this test, the India demand for silver, which is the money of India, was never greater. The governor and council of India, in a minute, published last summer, of their reasons for keeping the mints open for silver, say:

First, gold has risen in value since March, 1873, and especially since last December. Second, it is not so common as silver has fallen in value, and as compared with commodities in general, either in London or in India during the same period.

The London Economist (October 28, 1876), says of this paper:

As a whole, both in its conclusions and reasonings, the "minute" is most admirable.

The council of India kept well on the safe side in saying that silver had not fallen in value in India since 1873, or, in other words, that the prices of India products had not risen. Most of the authorities concur that silver has risen in India rather than fallen since that time. A New York writer, J. S. Moore, who has special facilities for information on this subject, says (New York Evening Post, October 24, 1876) that "Indian products are, at present, at their lowest ebb, as compared during fifteen years." At the annual meeting in September last of the shareholders in the Oriental Bank of London, which has extensive and intimate connection with the India trade,

the president said that with few exceptions, India produce was so low that even the general war supposed to be menacing Europe could not make things worse. To the same effect was the testimony last summer before the British commission, and it is not weakened by the fact, which the commission say is borne out by the testimony, that the imports as well as the exports of India are on a low range of prices. Both facts prove the same thing, that silver is not in excess, but scarce and deficient, in India.

The demand in India for coined money, on any scale, is of very moderate origin, not antedating the present century, and has become important even more recently than that. The old native practice was to pay land rents in the products of the land, and nearly all transactions even fifty years ago were by barter. W. Nassau Lee, one of the best informed and most intelligent writers on Indian topics, in a work entitled, "Drain of Silver to the East," dated at Calcutta in 1863, but printed in London, states that the use of coined money was still not common outside of the cities, and that the general use of it would require an additional amount of £400,000,000, \$2,000,000,000. This estimate was on the basis of an assumed population of 180,000,000 (now known to be 237,000,000), and on an amount per capita equal to what is employed in Great Britain, although in Mr. Lee's opinion India required more, because making less use of credits and representative money. Colonel Hyde, who was for fourteen years director of the Calcutta mint, testified before the British commission to the same general facts which are given in Mr. Lee's work, and gave it as his opinion that "its (India's) capacity for absorbing silver remains great." Another witness, McKenzie, who had been a merchant, indigo manufacturer, and railway manager in India, testified that the circulation in many parts of that country was "totally inadequate."

There have been, of course, fluctuations in the balances of India trade within the last forty years. The silver imports, from 1871 to 1875, were on a lower average than during the last forty years, and on a much lower average than during the American civil war, when India largely supplied the world with cotton. There were equal and even greater fluctuations prior to the last forty years. In one year, 1832-'33, according to Mr. Lee, "the flood of silver to India almost dried up." But notwithstanding temporary fluctuations, the great fact that India is a sink of silver is as true to-day as it has been from the earliest period of history.

That it will continue to draw silver from the rest of the world rests upon the permanent conditions that it has no silver mines, while it abounds in commodities which command the precious metals, and has a vast population, industrious and rich, whose demand for silver for use as money is constantly increasing, and whose passion for both silver and gold, for decoration, ornamentation and personal adornment, is proverbially universal.

The following is a statement of the foreign commerce of India for the thirty-six years, from 1835 to 1871:

Exports of merchandise.....	£1,012,000,000
Exports of gold and silver.....	37,000,000
Imports of merchandise.....	583,000,000
Imports of gold and silver.....	312,000,000

The British commission discussed at length this India problem, relating as it does to the greatest of the British dependencies, and arrived at the conclusion that "as India has been a great consumer of silver in the past, so it will continue to be in the future."

In respect to China, with its teeming population, no circumstance is suggested

likely to diminish its demand for silver, which is its principal money, current by weight. That empire is now proposing, for the first time in its history, to establish a mint for the coinage of silver. Such a coinage would have an immense influence in extending the monetary use of silver in that country. It would cause the same substitution of cash for barter which followed the establishment of a mint in India, and, in addition, would replace with small silver coins the cumbersome coins of base metal now employed. The American minister to China, writing from Peking, August 9, 1876, says the prospect of the establishment of a mint is "excellent."

Current facts show how groundless was the apprehension, which was so large an element in producing the late silver panic, that the east would cease to absorb silver. The flood of that metal to the Orient has already set in again with redoubled force. The London Economist gives the following as the silver exports from England for the years 1875 and 1876, respectively:

	1875.	1876.
To British India.....	£3,231,206	£3,229,124
To China.....	803,131	1,249,739

Rating the pound at \$4.85, this was an aggregate export in 1876 to India and China of \$45,975,438. In three only of the last twenty-six years has it been greater. The average of the last twenty-six years was \$28,748,077. In 1876 it was, therefore, \$17,000,000 in excess of this average, and the prices of India products are still abnormally depressed, which is another mode of saying that the India demand for silver is still unusually great.

But the figures thus commented upon do not give the whole case, and especially in respect to China, inasmuch as, by a recent change in the course of trade, much larger amounts than formerly are being sent to the east from San Francisco, and a good deal of it on London orders and account. The amount sent during the year 1876 was \$9,119,031.

During January and February of the present year, the silver export from San Francisco to China and Japan has been \$2,025,681, and the British silver export to China and India has been £2,119,025, or upward of \$10,000,000. This is more than three times what it was in the corresponding months of 1876.

We have in the operations of the Vienna mint another illustration, and on a considerable scale, of the sure tendency of the east to absorb silver when it falls in its gold price at the west. It has long been the practice of that mint to strike a particular coin, the Maria Theresa thaler, for exportation to the east, and especially to Egypt, where it has been for many years a familiar and favorite species of money. The amount of this coinage, rating to Austrian florins as equal to one dollar, has been as follows:

1869.....	\$ 16,878
1870.....	97,737
1871.....	11,471
1872.....	166,973
1873.....	303,791
1874.....	2,009,000
1875.....	3,485,760
1876.....	5,319,792

As silver fell relatively to gold, the Austrian export of silver to the east, in the accustomed form of the Maria Theresa thaler, increased.

There is one feature of the India trade which seems to have escaped altogether the attention of the British commission, although it has a direct bearing upon the power of the east in general, and of India in particular, to steady the relative value of the metals. Of the \$1,500,000,000 absorbed by India in the forty years ending with 1875, one-third was gold. Gold is not demanded there for use as money, but as a luxury, and when it rises in value India will export it or

import it in less measure, which is the same thing in its effect, upon the relative value of the two metals.

Comparing the first eleven months of 1876 with the same months of 1875, we find the excess of gold imports into England from India and China, respectively, over exports from England to these countries, to have been as follows:

	1875.	1876.
From India.....	£ 4,717	\$21,126,448
From China.....	278,508	757,958

It is thus that the east will restore and steady the relation of the metals, not merely by taking silver, but by giving up gold, or by taking it in less quantities.

In this way India may, to some extent, obtain the silver it needs, notwithstanding that the amount it has to pay annually in London as interest on debts has become so much greater than formerly. In whatever proportion it gives up the purchase of gold, or sells the gold it has in its possession, it will find a new resource for acquiring silver. Gold will be sure to be given up as the necessity for money (silver) becomes urgent.

Proportion of gold in the world's metallic supply greatly increased since 1848.

Since the voyages of Columbus, the two forces which, acting against each other, have controlled the value of the precious metals, both in their relation to commodities and in their relation to each other, have been the supplies from the new world, and the demand for them of that preponderant mass of the human race inhabiting eastern Asia. So far as the relative value of the two metals is concerned, these opposing forces came to an equipoise about the middle of the seventeenth century, which has been substantially maintained for more than two centuries, and down to the erratic movement of the last two years.

In respect to the supplies of the precious metals since the discovery of America, that of silver, from its bulk and weight, and the methods of its production, is the more easily ascertained. Statisticians have always assumed that they had tolerably accurate accounts and estimates of the silver production of Spanish America, which has furnished the greater part of the world's supply of silver since 1492. The production of gold is not so easily ascertained; but so large a proportion of what has been found within this century has come from the highly civilized communities of California and Australia, where records are kept of coinages and of exports of coined and uncoined treasure, that estimates of totals may be fairly reliable, although embracing some productions not likely to be accurately reported.

Distinguishing the periods prior and subsequent to the California discovery, we have the following estimates:

	Gold.	Silver.
From America.....	\$1,938,000,000	\$6,761,000,000
From elsewhere.....	622,000,000	441,000,000
Total.....	\$2,560,000,000	\$7,202,000,000

Supplies from 1549 to 1876, both inclusive.

Gold.....	\$3,215,000,000
Silver.....	1,367,000,000

The estimate from 1492 to 1848 is that of Chevalier, which Soetbeer adopts.

The estimate from 1849 to 1876 is based, as to most of the years, upon the figures of Sir Hector Hay. The estimate of the London Economist is rather less. That of Soetbeer is about the same. But the differences in the commonly-accepted estimates are not important.

When we pass from the question of current supplies to the other questions of the stocks on hand, of the location of stocks as between the east and west, and of the proportions of gold and silver at various dates, we are confronted by doubts and difficulties at every point.

If the amount of gold and silver produced since 1492 were accurately ascer-